

No. CARE/HO/RL/2023-24/1871

Shri Pankaj Jobalia
Managing Director

Ramasigns Industries Limited

Unit No.3, Ground Floor, Vimala Bhavan,
Sharma Industrial Estate, Walbhat Road, Goregaon (East)
Mumbai
Maharashtra 400063



July 07, 2023

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY23 (Audited), and the possible impact of the same on the credit profile of your company our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Non Convertible Debentures	5.96 (Reduced from 7.11)	CARE B; Stable (Single B; Outlook: Stable)	Reaffirmed
	Total Instruments	5.96 (Rs. Five Crore and Ninety-Six Lakhs Only)		

- The NCDs are repayable by May 31,2026 in unequal monthly installments.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 10, 2023, we will proceed on the basis that you have no any comments to offer.
4. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
7. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
8. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

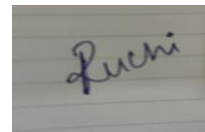
If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Harsh Dhanwani



Ruchi Sanghavi

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

Harsh Dhanwani
Analyst
harsh.dhanwani@careedge.in

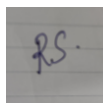
Ruchi Sanghavi
Assistant Director
ruchi.shroff@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

Ramasigns Industries Limited

July 11, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non Convertible Debentures	5.96 (Reduced from 7.11)	CARE B; Stable	Reaffirmed

Details of instruments in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Ramasigns Industries Limited (RSIL) continued to be constrained by modest scale of operation, moderate operating and net profit margin, working capital intensive nature of operation, stretched liquidity position. The rating further continues to be constrained by presence in highly competitive & fragmented industry. The rating, however, continues to derive strength from experienced promoters, comfortable capital structure and moderate debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with total operating income to exceeding Rs.100 crore on sustained basis
- Improvement in collection period below 90 days on sustained basis
- Improvement in PBILDT margin above 8% and PAT margin above 3% on a sustained basis

Negative factors

- Deterioration in capital structure with overall gearing above 1x on a sustained basis
- Non-arrangement of sufficient funds to timely repayment its debt obligation

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that Ramasigns Industries Limited will continue to benefit from its experience of the promoters along with long term relationship with reputed customers.

Detailed description of the key rating drivers:

Key weaknesses

Modest scale of operations: RSIL's scale of operation continued to remain moderate and further deteriorated by 25.84% to Rs. 27.12 crore in FY23 vis-à-vis 36.57 crore in FY22 on account of decrease in orders executed due to slow down in industry. The networth base of RSIL remained low at 17.76 crore as on March 31, 2023 vis-à-vis 17.29 crore as on March 31, 2022. The moderate scale and networth limits its financial flexibility and its capability to scale up the operations in future would be sensitive from credit point of view.

Moderate operating and net profit margin: RSIL's PBILDT margin is fluctuating in nature as its profit margins are affected by material cost (i.e. PVC and granules) however in FY23 it grew to 7.32% vis-à-vis 3.88% in FY22 on account of savings in cost of traded goods sale (72% of total sales in FY23 vis-à-vis 82% in FY22). Further with increase in PBILDT margin, PAT margin also increased to 1.68% in FY23 vis-à-vis 0.26% in FY22.

Working capital intensive operation: The operations of RSIL are working capital intensive in nature on account of funds are being blocked in inventory and receivables. RSIL received orders directly from printers and fabricators. In light of long-term relationship with customers as well as due to stiff competition it generally gives 60-90 days credit periods to its customers. However, the collection period is significantly stretched to 486 days in FY23 vis-à-vis 385 days in FY22 on account of delay in payment from clients. Further out of the total debtors outstanding of Rs. 30.48 crore as on March 31, 2023, debtors amounting to Rs. 6.14 crore has been recovered till June 30, 2023. RSIL has to maintain inventory to execute the orders in timely manner and protect itself from price fluctuation.

The above is partially offset by stretched creditor's period led to average creditors period owing to established relations with them over the years. Given all of the above, the operating cycle continued to remain working capital intensive and working capital cycle stood at 352 days in FY23 vis-à-vis 216 days in FY22. Furthermore, working capital requirement is met through working capital bank borrowing and internal accruals.

Volatile material prices: The major material of RSIL includes PVC Free foam boards, Vinyl, Photo Paper, Display roll up standees LED modules & LED bars for backlit signages, aluminium composite panel and cast acrylic sheets whose prices are very volatile in nature. The cost of material to total sales stood at 72% in FY23 vis-à-vis 82% in FY22. Fluctuation in material cost has an adverse impact on profit margins of the firm.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Fragmented and competitive nature of industry: Printing consumable industry is characterized as fragmented & competitive with very little differentiation in terms of service offering. RSIL faces direct competition from various organized and unorganized players in the market. The profits margins are likely to be under pressure in the medium term. Further the price flexibility is remaining constrained due to low bargaining power with the customers.

Key strengths

Long track record of operations with experienced directors: RSIL is into existence for more three decades however it has changed the line of business since the year 2017. Mr. Pankaj Jobalia aged 58 years, is a managing director of the company and he holds more than 20 years of experience in manufacturing and marketing of signage consumables industries. Mrs. Bijal Jatin Jahveri are the chairperson of the company, she is B.com. graduate and she have versatile experience in finance and accounting.

Comfortable capital structure and moderate debt coverage indicators: The capital structure of the company continued to remain comfortable with overall gearing improved marginally and stood at 0.60x as on March 31,2023 (vis-à-vis 0.66x as on March 31,2022) owing to scheduled repayment of non-convertible debenture of Rs. 0.90 crore during FY23. Debt coverage indicator of the company continued to moderate marked by total debt to GCA of 10.20x & interest coverage of 2.42x in FY23 (vis-à-vis 13.22x and 2.65x respectively in FY22).

Liquidity:

Stretched liquidity is characterized by tightly matched accruals vis-à-vis repayment obligations of Rs. 1.80 crore in FY24 and low cash balance of Rs.0.65 crore as on March 31, 2023. Its average working capital limit utilization remained high at 99% during past 12 months ended June 2023 and maximum utilization remained full. Furthermore, current ratio and quick ratio stood at 1.78x and 1.21x respectively as on March 31, 2022 (vis-à-vis 1.66x and 1.23x respectively as on March 31, 2022).

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Media, Entertainment & Publication	Printing & Publication	Printing & Publication

Incorporated in 1981, Ramasigns Industries Limited (RSIL) (Formerly Known as M/s Rammaica India Limited till FY17 & was engaged in the business of manufacturing decorative laminates) is engaged in the business of trading of signage and digital media consumables namely Frontlit Flex, Backlit Flex, Self Adhesive Vinyl, Color Vinyl, Lamination Films, Acrylic Sheets, Wall Painting Media, Printable Fabrics, Window Films, Roll UP Films, Inkjet & Eco Solvent Medias, UV Medias, One Way Vision Films, Mesh Banner, Digital Printable Wall Papers, PP Films, Sun Board & Celuka Sheets, Plastic sheets & Rolls, Acrylic sheets etc.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24
Total operating income	36.57	27.12	NA
PBILDT	1.42	1.99	
PAT	0.09	0.46	
Overall gearing (times)	0.66	0.60	
Interest coverage (times)	2.65	2.42	

A: Audited, NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Non Convertible Debenture	INE650D08013	29-Mar-2022	7.00	31-May-2026	7.20	CARE B; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Debentures-Non Convertible Debentures	LT	5.96	CARE B; Stable	-	1)CARE B; Stable (22-Jul-22) 2)CARE B; Stable (06-Jun-22)	1)CARE B+; Stable (14-Mar-22) 2)CARE B+; Stable (31-Dec-21) 3)CARE B+; Stable (06-Jul-21)	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

<p>Media Contact</p> <p>Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Name: Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Divyesh Bharat Shah Director CARE Ratings Limited Phone: +91-20-4000 9069 E-mail: Divyesh.Shah@careedge.in</p> <p>Ruchi Shroff Assistant Director CARE Ratings Limited Phone: +91-22-6837 4337 E-mail: Ruchi.Shroff@careedge.in</p> <p>Name: Harsh Dhanwani Analyst CARE Ratings Limited E-mail: Harsh.Dhanwani@careedge.in</p>
--	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**